



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB1354

Introduced 2/9/2011, by Rep. Karen May

#### SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that, for any bill not paid by the State within 60 days of receipt, an interest penalty equal to the prime commercial rate of interest (rather than 1.0%) on any amount approved and unpaid shall be added for each month or fraction thereof after the end of the 60 day period. Defines "prime commercial rate". Effective immediately.

LRB097 06590 PJG 46675 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The State Prompt Payment Act is amended by  
5 changing Section 3-2 as follows:

6 (30 ILCS 540/3-2)

7 Sec. 3-2. Beginning July 1, 1993, in any instance where a  
8 State official or agency is late in payment of a vendor's bill  
9 or invoice for goods or services furnished to the State, as  
10 defined in Section 1, properly approved in accordance with  
11 rules promulgated under Section 3-3, the State official or  
12 agency shall pay interest to the vendor in accordance with the  
13 following:

14 (1) Any bill, except a bill submitted under Article V  
15 of the Illinois Public Aid Code, approved for payment under  
16 this Section must be paid or the payment issued to the  
17 payee within 60 days of receipt of a proper bill or  
18 invoice. If payment is not issued to the payee within this  
19 60 day period, an interest penalty equal to the prime  
20 commercial rate of interest on ~~of 1.0% of~~ any amount  
21 approved and unpaid shall be added for each month or  
22 fraction thereof after the end of this 60 day period, until  
23 final payment is made. Any bill submitted under Article V

1 of the Illinois Public Aid Code approved for payment under  
2 this Section must be paid or the payment issued to the  
3 payee within 60 days after receipt of a proper bill or  
4 invoice, and, if payment is not issued to the payee within  
5 this 60-day period, an interest penalty equal to the prime  
6 commercial rate of interest on ~~of 2.0% of~~ any amount  
7 approved and unpaid shall be added for each month or  
8 fraction thereof after the end of this 60-day period, until  
9 final payment is made. For the purposes of this Section,  
10 "prime commercial rate" means the prime rate that from time  
11 to time is publicly announced by the largest commercial  
12 banking institution located in this State, measured in  
13 terms of total assets.

14 (1.1) A State agency shall review in a timely manner  
15 each bill or invoice after its receipt. If the State agency  
16 determines that the bill or invoice contains a defect  
17 making it unable to process the payment request, the agency  
18 shall notify the vendor requesting payment as soon as  
19 possible after discovering the defect pursuant to rules  
20 promulgated under Section 3-3; provided, however, that the  
21 notice for construction related bills or invoices must be  
22 given not later than 30 days after the bill or invoice was  
23 first submitted. The notice shall identify the defect and  
24 any additional information necessary to correct the  
25 defect. If one or more items on a construction related bill  
26 or invoice are disapproved, but not the entire bill or

1 invoice, then the portion that is not disapproved shall be  
2 paid.

3 (2) Where a State official or agency is late in payment  
4 of a vendor's bill or invoice properly approved in  
5 accordance with this Act, and different late payment terms  
6 are not reduced to writing as a contractual agreement, the  
7 State official or agency shall automatically pay interest  
8 penalties required by this Section amounting to \$50 or more  
9 to the appropriate vendor. Each agency shall be responsible  
10 for determining whether an interest penalty is owed and for  
11 paying the interest to the vendor. Interest due to a vendor  
12 that amounts to less than \$50 shall not be paid but shall  
13 be accrued until all interest due the vendor for all  
14 similar warrants exceeds \$50, at which time the accrued  
15 interest shall be payable and interest will begin accruing  
16 again, except that interest accrued as of the end of the  
17 fiscal year that does not exceed \$50 shall be payable at  
18 that time. In the event an individual has paid a vendor for  
19 services in advance, the provisions of this Section shall  
20 apply until payment is made to that individual.

21 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;  
22 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10.)

23 Section 99. Effective date. This Act takes effect upon  
24 becoming law.